

Seventh Session. Sunday, 1st February 1970. 9.30 a.m. to 11.30 a.m.

Opening the Seventh Session, Mr. Heath said he understood Mr. Macleod would like to say a word about the East of Suez policy (SP/70/3).

Mr. Macleod said he wished to raise the question of the desirability of putting a price-tag to our policy. Nothing would stop Mr. Healey from saying that our policy would cost £300 million, and so far all that was being suggested was that we should say that it was a good deal less. He felt that purely from a presentational point of view it was desirable to embed in people's minds a counter-figure. We had found that the best way of countering the allegation that the Conservative Government in 1964 had left an £800 million deficit on the balance of payments was to produce a counter-figure of around £2,000 million for the overseas debt built up by the Labour Government. Both figures were arguable, but the electorate were not interested in the details of the argument; and the best and most effective way of countering one figure was to produce another. He did not suggest that Mr. Heath himself should take up the challenge on the figures, but that Mr. Rippon, on some appropriate occasion, should say something not too precise to the effect that one could not be exact in these matters but that Mr. Healey's figure was a gross over-estimate, and that the true figure would probably be about a quarter of Mr. Healey's estimate, although the precise cost could not be stated until discussions with the other governments concerned had taken place.

Mr. Heath said that the reason why the Party had been reluctant to be too specific about costs was that one was then

in danger of getting involved in an argument about whether we should have two battalions and two squadrons, or that sort of thing. Mr. Healey's estimate was obviously ridiculous. Forces out there at the moment were costing about £240 million, and it was farcical to suggest that we would spend more on a five-power/^{force} than we were spending now on the whole of the British force.

Mr. Rippon said that he thought the Defence Debate was probably the best opportunity to say something, and one could build up to a figure of about £100 million by attacking Mr. Healey's figures. Mr. Healey was saying that the cost of keeping an aircraft carrier in the Far East was £170 million, but this was on the assumption that it and all the ancillary services would not exist if it was not there.

Mr. Campbell agreed that there was a danger of the £300 million figure being built up as a myth. The figure had been produced two or three years ago at the height of confrontation, and if one looked back through the Defence Debates Mr. Healey's position looked ridiculous.

Mr. Macleod was sure that one could win the argument in the House: the difficulty was that Candidates did not follow the debates all that closely, and it would be of use to them to have a counter-figure.

Lord Jellicoe said there was another point, which was that the figure of £300 million was thought by many people to be the balance of payments cost.

Mr. Walker warned that even a lower figure would be unpopular among younger voters as they wanted to get rid of our military past. He was certainly in favour of getting a figure over to the electorate, but thought that this should be done in a positive

form as a necessary investment in the stability of an area from which Britain derived considerable economic benefits rather than simply as the cost of a military presence.

Sir Alec Douglas-Home thought it was dangerous to be too precise about the figure of £100 million. He agreed that one could attack Mr. Healey's figure and bring it down to something which would not look too alarming, but he would like to see more work done on the costs before we committed ourselves. He had asked Professor *Erikson* of Edinburgh University to help. The thing that worried him about the East of Suez policy was the difficulty of defining the extent of our commitment. How far could one go without depressing one's allies in excluding the possibility of an escalation such as occurred with the Americans in Vietnam? Mr. Powell and the Labour Party were already on to this point. Under the Malaya Treaty in its present form, Britain was pledged to defend them; and it would be unfair to the Malaysians to let them think that there could be unlimited reinforcement.

Mr. Rippon thought that they felt that a visible British presence would be more helpful than a general commitment to fly out forces in an emergency. Mr. Maudling thought, however, that the Commonwealth welcomed a visible presence largely because they felt that it would be reinforced if necessary.

Mr. Barber made two points. First, there was some evidence that the Labour Party are encouraging speakers to make the point that the young with votes at eighteen had better watch out with the Tories, or they will get into a Vietnam situation in the Far East. Second, what worried him about the £300 million figure was that it made the whole of our policy about controlling expenditure less credible.

/ Mr. Maudling

Mr. Heudling said that the danger of putting too close a limit on the commitment was that by doing so one seemed to be admitting that one would not reinforce one's troops if one had to.

Mr. Heath said the important thing was to deny the analogy between our policy and Vietnam. The real purpose of a British presence in the Far East was to prevent subversive forces in South Thailand disrupting Malaysia. This was a quite different position to that in Vietnam. He had found in talks with leaders in Malaysia and Singapore that they accepted that we would not be there to carry out a war but to help them to deal with subversion.

Mr. Rippon said that the Labour Party claimed to have halved Britain's commitment - what in fact they had done was to halve Britain's capability of fulfilling it.

Sir Keith Joseph asked whether there was any chance of bringing the United Nations into the policy, as this would help from the point of view of presentation. Mr. Rippon, however, thought there was no point in relying on the United Nations, and Mr. Macleod felt that, quite simply, there was here a British interest and the Tory Party had always been prepared to pay a certain amount to defend its interests.

Sir Alec Douglas-Home thought the distinction with Vietnam was not as clear-cut as Mr. Heath had suggested. Thailand might collapse: Malaysia would then be facing quite different pressures and, unless they understood the real limits of what Britain could do, we might be drawn in.

Mr. Hogg pointed out that we were only discussing the Election pledge. If Thailand collapsed, it would be a new situation, and a new policy would be necessary. Contingency planning was necessary for military purposes: it was not necessary for Election / purposes.

purposes. We only needed to define what our policy was as of now. One could imagine thousands of things which could happen which would double our defence budget overnight, but one did not put them in the Election programme. Mr. Maudling thought that the collapse of Thailand was not a contingency that could be ignored.

Mr. Heath suggested the Committee might return to discussion of the Draft Manifesto (SP/70/1). They had dealt with economic policy and industrial relations at the Third and Fourth Sessions. This took us to page 7, which dealt with manpower and retraining, and industry and trade.

He himself had come out with a fairly detailed programme for retraining, and had mentioned the need for a total training programme of about 100,000 a year. He understood that there were now some doubts about the wisdom of mentioning a figure, but he felt that retraining was a very major problem facing the country. Even at the present moment, with 600,000 people unemployed, some industries were still short of labour. He thought that Mr. Hayhoe and Mr. Reading should look again at the wording of the Draft, and tie the passage in more closely with the educational side and with the training boards: how were we going to achieve the training that would be required, whether there were sufficient resources in training centres and training boards within the present educational system, and so on, and how to get a crash programme started with available resources. In the long term, ~~whether~~ the increases in productivity that would result would be more than enough to pay for the cost.

Mr. Carr said he had received a report on this subject from the Economists' Advisory Group, through the Party's Public Sector